



BCE Stock: A Big Blue-Chip with Big Potential

Description

There are times when investing can get exciting. When one of your stocks has a big development and rallies, or even when the entire market is rallying rapidly, investing can be quite thrilling. For the most part, though, good investing should generally be boring. That's why some of the best investments you'll make are in long-term blue-chip stocks like **BCE Inc** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is one of the best stocks in Canada if you're looking for safety and income. The pandemic has only minimally impacted its business. Yet, it continues to be such a major cow. So there was never any question the [dividend aristocrat](#) would increase its payout again this year.

In fact, BCE is such a robust stock that despite the pandemic impacting its business, the company has decided to accelerate its growth timeline with major investments over the next few years. This is extremely promising, especially for long-term investors, as the company looks forward to the incredible potential of 5G.

It's also attractive that management has the confidence to initiate this growth now, while other companies are still just trying to weather the pandemic.

BCE is investing in growth

BCE is looking forward, and that's exactly what long-term investors want to see. The company has decided to accelerate its capital investments over the next few years spending an extra \$1.2 billion than it regularly would have.

A third of this cash will go to building out the 5G infrastructure for its wireless. This should help grow its 5G coverage by roughly 50% more than previously planned.

The other two-thirds of the investment will go towards building out its fiber-to-the-home (FTTH) infrastructure. Roughly half of its residential wireline clients use FTTH, so there is still plenty of growth potential for BCE over the next few years.

BCE is one of the safest stocks in Canada

The long-term growth potential of BCE is, of course, important. However, what's even more important is its ability to protect your capital and continue to pay a dividend.

That's why BCE is such a great investment. Even through the unusual nature of the pandemic, which has impacted the best of businesses, BCE has stayed robust.

In 2020 its sales decreased just 3.8% year over year. This was mostly due to a huge impact on media, with sports being put on hold, in addition to a small impact on its wireless business from less roaming and data overage charges.

All in all, that impact on business led to a less than 4% impact on sales. Earnings per share did decline a bit more at 12% from 2019 to 2020.

However, the fact that the company managed to continue to earn a profit, and decided to [increase its dividend](#) as well as accelerate its growth investments, shows what kind of high-quality investment BCE is.

What's BCE stock worth today?

At current prices, BCE is ranked a buy from analysts. The stock trades roughly 10% below analyst target prices. That capital gains potential, coupled with its 6.3% dividend, combines to offer investors a significant return.

And over the long-term, as 5G continues to become more popular and grow the company's revenue, the stock will only continue to follow suit.

So for a stock that predominantly offers growth and safety, BCE has strong potential to earn investors big returns over the next few years.

CATEGORY

1. Dividend Stocks
2. Investing

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